

Guidance Note

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Key concepts:

Trading System price movement protection.

Related information:

FGL Operating Rules

FEX Guidance Note

GN38 – Price Limits

Recommended Audience:

Trading Managers

Compliance Managers

Operations Managers

Previous Issues:

Nil

GN 44 – Sweep Price Rules

Introduction

The aim of this Guidance Note is to explain how the sweep price rule functionality present in the FGL trading platform is applied to each product. The purpose of the sweep price rule functionality is to reduce the likelihood and therefore impact of orders being executed in the market beyond a reasonable price range whilst still allowing “Market” orders to be executed.

Guidance

The trading platform has been designed with functionality to limit the number of price steps away from the current market price that an incoming order can interact with and thereby prevent excessive (disorderly) price movements occurring, usually when a “Market” order is used to “sweep up” volume currently present in the order book at multiple price levels.

This functionality prevents an order from interacting with other, usually old and stale, orders that have prices far away from the current market and have not yet been removed from the Orderbook.

The below table outlines the sweep price rules that are configured on the trading platform. The sweep price rules will be applied under various scenarios, including but not limited to when “Market” orders are entered into the trading platform.

FGL Product - Futures	Number of Price Ticks
Oil	5
Coal	5
Base Load Power	25
\$300 Cap Base Load Power	25
Peak Load Power	25
Iron Ore	5
FGL Product – Options	Number of Price Ticks
Oil	5
Coal	5
Base Load Power	25
Calendar & Financial Year Strip	25
Iron Ore	5
FGL Products – Strips	Number of Price Ticks
Calendar & Financial Year Base Load Power	25
FGL Products – Spreads	Number of Price Ticks
Intra-commodity Oil	Twice the value of the underlying futures sweep rule.
Intra-commodity Coal	Twice the value of the underlying futures sweep rule

The Exchange may adjust these sweep price settings as it sees fit and will provide the market with suitable advance notice of any intended change, such that Trading Participants can consider the likely impact of the change upon their current trading strategies.

Please note that a “Market” order that is entered but does not find its full volume in the Orderbook before reaching the sweep price will have its remaining volume retained in the Orderbook at the sweep price.

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